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THE SEC OF ST. MARTIN, INC.

St. Martinville, Louisiana

FINANCIAL REPORT

Year Ended June 30, 1991

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the county clerk of St. Martinville public records. The report is available for public inspection at the Eastern District of Louisiana District Court, and the clerk of court, where appropriate, at the office of the parish clerk of court.

Release Date 2-16-02

THE SAC OF ST. MARTIN, INC.
St. Martinville, Louisiana

Financial Statements and Auditor's Report
For The Year Ended June 30, 2001

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CLARK COUNTY PUBLIC ACCOUNTANTS
1400 UNIVERSITY MICROFILMS BUILDING
100 N. MAIN STREET
SPRINGFIELD, ILLINOIS 62760

[illegible]

11. *Journal of the American Medical Association*, 2000; 283: 2686-2692.

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To the Board of Directors of
The AEC of St. Martin, Inc.
St. Martinville, Louisiana

We have audited the accompanying statement of financial position of The ABC of St. Martin, Inc., a nonprofit organization, as of June 30, 2001, and the related statements of activities, cash flows, and functional expenses for the year then ended. These basic financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the ABC of St. Martin, Inc. as of June 30, 2003, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with government auditing standards, we have also issued our report dated November 10, 2004 on our consideration of the AIC of St. Martin's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

our audit was performed for the purpose of forming an opinion on the basic financial statements of The ABC of St. Martin, Inc., taken as a whole. The accompanying schedule of expenditures of

To the Board of Directors of
The ABC of St. Martin, Inc.

Federal awards as required by U. S. Office of Management and Budget Circular A-133, Amidst all States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The financial information for the preceding year which is included for comparative purposes has been taken from the financial report for that year in which we expressed an unqualified opinion on the basic financial statements of The ABC of St. Martin, Inc.

Marsist & Marsist

Marsist & Marsist
Certified Public Accountants

November 28, 2003

THE ARC OF ST. MARTIN, INC.
St. Martinville, Louisiana
STATEMENT OF FINANCIAL POSITION
June 30, 2001

Exhibit A

(with comparative amounts for June 30, 2000)

ASSETS	6/30/01	6/30/00
Current Assets:		
Cash and cash equivalents	\$230,499	\$282,376
Investments	-	-
Accounts Receivable:		
Grants/Contracts	31,443	23,612
Medicaid	56,238	58,186
Other	11,327	8,774
Total current assets	\$329,067	\$370,942
Fixed Assets:		
Land	\$ 49,034	\$ 49,034
Buildings and improvements	430,336	430,336
Furniture and equipment	66,685	64,304
Vehicles	184,333	183,613
	\$730,388	\$727,287
Less: accumulated depreciation	315,284	228,044
Total fixed assets	\$415,104	\$499,243
TOTAL ASSETS	\$744,192	\$870,185
	<small>(ASSETS EXCEED LIABILITIES)</small>	<small>(LIABILITIES EXCEED ASSETS)</small>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 2,249	\$ 8,242
Accrued salaries	14,863	18,722
Due to clients-trust fund balance	12,431	14,774
Current portion of mortgage payable	13,378	24,086
Total current liabilities	\$42,921	\$65,824
Mortgage payable, less current portion	13,378	24,086
Total liabilities	\$56,299	\$89,910
Net Assets:		
Unrestricted:		
Operations	\$204,900	\$320,092
Fixed Assets	308,367	481,228
	\$513,267	\$801,320
Permanently restricted	13,367	19,118
Total net assets	\$526,634	\$820,438
TOTAL LIABILITIES AND NET ASSETS	\$744,192	\$870,185
	<small>(LIABILITIES EXCEED ASSETS)</small>	<small>(ASSETS EXCEED LIABILITIES)</small>

The accompanying notes are an integral part of these financial statements.

THE ABC OF ST. MARTIN, INC.
 St. Martinville, Louisiana
 STATEMENT OF ACTIVITIES
 Year Ended June 30, 2001
 (with comparative amounts for June 30, 2000)

	Unrestricted	
	Operations	Fixed Assets
SUPPORT AND REVENUE:		
Supports:		
Grants and Contracts	\$ 303,485	\$ -
Contributions	21,573	-
Total support	<u>\$ 325,058</u>	<u>\$ -</u>
Revenues:		
Client fees	\$ 40,418	\$ -
Medicaid/Medicare	349,852	-
Work contracts	40,294	-
Interest/Dividend income	8,488	-
Other	2,307	-
Total revenue	<u>\$1,088,859</u>	<u>\$ -</u>
TOTAL SUPPORT AND REVENUE	\$1,323,860	\$ -
EXPENSES:		
Program services:		
Adult Rehabilitation	\$ 609,802	\$ 31,278
Residential Homes	302,308	6,073
Total program services	<u>\$1,112,110</u>	<u>\$ 37,351</u>
Support services:		
General and administrative	\$ 219,808	\$ 758
TOTAL EXPENSES	\$1,132,318	\$ 38,109
CHANGE IN NET ASSETS	\$ (11,450)	\$ (48,109)
RECONCILIATION OF NET ASSETS	(29,847)	29,847
NET ASSETS, BEGINNING OF YEAR	126,922	401,229
NET ASSETS, END OF YEAR	\$ 104,995	\$353,167

The accompanying notes are an integral part of these financial statements.

Permanently Restricted

	Year End Totals	
	8/30/81	8/30/80
\$ -	\$ 300,485	\$ 300,485
<u> -</u>	<u>31,874</u>	<u>18,804</u>
\$ -	\$ 268,611	\$ 281,689
\$ -	\$ 40,418	\$ 41,883
-	669,850	819,370
-	46,264	41,381
1,887	8,826	8,267
-	2,307	2,871
<u>\$ 1,887</u>	<u>\$1,089,866</u>	<u>\$ 947,491</u>
\$ 1,887	\$1,921,825	\$1,109,484
\$ -	\$ 642,870	\$ 502,007
<u> -</u>	<u>508,883</u>	<u>448,888</u>
\$ -	\$1,151,753	\$ 947,005
\$ -	\$ 228,866	\$ 268,838
<u> -</u>	<u>\$1,572,487</u>	<u>\$1,216,843</u>
\$ 1,887	\$ (58,602)	\$ (28,429)
-	-	-
<u>19,310</u>	<u>733,431</u>	<u>785,829</u>
<u>\$ 11,367</u>	<u>\$ 688,839</u>	<u>\$ 737,431</u>

THE ABC OF ST. MONTY, INC.
 St. Martinville, Louisiana
 STATEMENT OF CASH FLOWS
 Year Ended June 30, 2001

Exhibit C

(with comparative amounts for June 30, 2000)

	Year End Totals	
	6/30/01	6/30/00
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (30,100)	\$ (20,420)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	40,100	42,411
(Increase)/decrease in accounts receivable	864	7,853
Increase/(decrease) in accounts payable and accrued expenses	(8,488)	(11,310)
Increase/(decrease) in accrued salaries	1,343	5,486
Increase/(decrease) in client trust funds owed	___(2,342)	___1,222
Net cash provided by operating activities	\$110,229	\$ 16,482
CASH FLOWS USED FOR INVESTING ACTIVITIES:		
Investments redeemed	\$ -	\$ -
Purchases of land, buildings & equipment	___(10,300)	___(2,326)
Net cash used for investing activities	___(10,300)	___(2,326)
CASH FLOWS USED FOR FINANCING ACTIVITIES:		
Payments on mortgage payable	\$110,247	\$ (2,832)
Net cash used for financing activities	\$110,247	\$ (2,832)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(40,318)	2,864
CASH AND CASH EQUIVALENTS-Beginning of Year	___202,332	___279,532
CASH AND CASH EQUIVALENTS-End of Year	\$202,400	\$282,396

The accompanying notes are an integral part of these financial statements.

THE ABC OF ST. MARTIN, INC.
St. Martinville, Louisiana
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2001
(with comparative totals for June 30, 2000)

	<u>Program Services</u>		<u>Total Program Services</u>
	<u>Adult Rehabilitation</u>	<u>Confidential Homes</u>	
FUNCTIONAL EXPENSES:			
Salaries and wages	\$404,929	\$274,658	\$679,587
Employee benefits	21,483	21,907	43,390
Payroll taxes	22,322	22,422	44,744
Total salaries and related expenses	\$448,734	\$318,987	\$767,721
Rental of property	3,600	-	3,600
Maintenance & repairs	12,635	5,399	18,034
Professional fees	7,499	7,722	15,221
Supplies	3,186	1,742	4,928
Insurance	19,925	13,644	33,569
Interest	-	2,389	2,389
Utilities & telephone	10,386	11,143	21,529
Books & publications	3,223	75	3,298
Automotive	42,743	7,428	50,171
Provider fees & licenses	1,321	48,266	49,587
Office expenses	13,950	576	14,526
Personal client needs	1,487	6,416	7,903
Travel, seminars, etc.	11,429	129	11,558
Consultant fees	150	14,573	14,723
Educational	245	5,985	6,230
Recreational	-	1,541	1,541
Dietary	1,093	4,941	6,034
Food	7,993	25,967	33,960
Medical & nursing	1,976	10,344	12,320
Training	1,380	150	1,530
Association responsibility	3,040	-	3,040
Housekeeping	6,194	1,489	7,683
Laundry and linen	-	-	-
Other	128	163	291
Total expenses before depreciation	\$606,483	\$582,968	\$1,189,451
Depreciation	22,226	8,975	31,201
Total expenses	\$628,709	\$591,943	\$1,220,652

The accompanying notes are an integral part of these financial statements.

Exhibit B

General and Administrative	Year End Totals	
	6/30/20	6/30/20
\$182,809	\$ 962,600	\$ 729,356
9,712	61,817	78,883
<u>19,198</u>	<u>68,808</u>	<u>58,675</u>
 \$207,819	 \$ 961,808	 \$ 858,811
"	3,000	3,920
287	18,282	17,358
"	15,300	18,825
"	1,808	1,888
5,741	38,833	51,313
"	1,385	1,127
1,585	25,021	28,522
133	3,431	838
"	58,179	37,584
"	49,557	49,557
1,132	15,058	5,894
"	7,823	8,488
2,327	11,988	15,954
"	34,728	33,627
"	4,232	8,792
"	1,541	1,398
"	6,038	6,114
169	32,789	33,187
"	31,428	38,078
825	3,255	"
"	1,048	999
"	9,692	7,828
"	"	"
<u>422</u>	<u>796</u>	<u>2,878</u>
 \$219,809	 \$1,233,918	 \$1,174,509
<u>758</u>	<u>40,198</u>	<u>42,413</u>
 \$228,566	 \$1,273,427	 \$1,216,922

THE ABC OF ST. MARTIN, INC.
St. Martinville, Louisiana
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The ABC of St. Martin, Inc. is a non-profit community organization which operates an adult habilitation center and two residential community homes serving the needs of the mentally retarded citizens of St. Martin Parish, Louisiana.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and charges therein are classified and reported as follows:

Unrestricted net assets-Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets-Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time. When restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets-Net assets subject to donor imposed stipulations that they be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the income earned on any related investments for general or specific purposes.

Prior Year Summarized Information

The financial statements include certain prior-year summarized financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

THE ABC OF ST. MARTIN, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

Investments

Investments in marketable securities with readily determinable fair market values are reported at their fair values in the statement of financial position. Any unrealized gains and losses are included in the change in net assets.

Income Tax Status

The ABC of St. Martin, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes in the accompanying financial statements. There was no unrelated business income for the fiscal year ended June 30, 2001.

Support and Revenue

The ABC of St. Martin, Inc. receives its grant and contract support primarily from the State Department of Health and Hospitals and other state agencies. Support received from these grants and contracts is recognized on a "cost funded" basis whereby State Department of Health and Hospitals funding is recognized on a last-dollar-in basis. Related expenses incurred are "netted" first by client fees and Medicaid income in determining grant funds to be recognized. The Organization receives client fees and Medicaid income for billable client services and recognizes these fees and income when earned.

THE A&C OF ST. MARTIN, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

Fixed Assets

Fixed assets acquired by The A&C of St. Martin, Inc. are considered to be owned by the Organization. However, State funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets.

The organization follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$100. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Buildings	20 years
Improvements	10 years
Furniture and Equipment	7 years
Vehicles	5 years

The net fixed asset balance has been recorded as a separate component in unrestricted net assets.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and Cash Equivalents-Fair value approximates carrying value due to the initial maturity of the instruments being three months or less.

THE ARC OF ST. MARTIN, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

(3) FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Investments-Fair value of investments (consisting of a single U. S. Treasury Note) are based on certified carrying value, since the stated rate is comparable to rates currently available on U. S. Treasury investments of comparable maturities.

Mortgage Payable-Fair value approximates carrying value since stated rates are similar to rates currently available to the Association for debt with similar terms and remaining maturities.

(3) ACCOUNTS RECEIVABLE-GRANTS/CONTRACTS

As of June 30, 2001, accounts receivable from grants and contracts was composed of the following:

Louisiana Department of Health and Hospitals-Office for Citizens with Developmental Disabilities	\$10,382
Louisiana Department of Social Services-Louisiana Rehabilitation Services	710
More Contracts Receivable	5,289

	\$21,443

(4) PLANT ASSETS AND DEPRECIATION

Depreciation of plant assets is calculated on the straight-line basis over the estimated useful lives of the assets. The cost of such assets at June 30, 2001 is as follows:

Land and buildings	\$479,319
Furniture, fixtures & equipment	66,885
Vehicles	184,533

Subtotal	\$729,737

Less: Accumulated Depreciation	(315,564)

Total	\$414,173

THE ABC OF ST. MARTIN, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

(5) NOTES PAYABLE

The notes payable consist of a real estate mortgage note with a carrying value of \$24,938 payable to St. Martin Trust and Trust, in monthly installments of \$1,884.57 thru June, 2003 including interest at 8.08%, secured by a real estate mortgage on the community home operated by the Organization.

The annual requirements to amortize all notes outstanding at June 30, 2001, including interest of \$2,041 are as follows:

Fiscal Year End	Total
6/2002	\$19,358
6/2003	12,919
Total	\$26,847

Amounts in \$

(6) PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are endowment funds restricted in perpetuity by the donor to continue the traditional services of the Organization. Income generated by these assets can be used for operating expenses.

(7) RETIREMENT PLANS

All employees of The ABC of St. Martin, Inc. are members of the Social Security Retirement System. No supplemental contributory retirement or pension plans are maintained or provided by the Organization.

(8) COMPENSATED ABSENCES

Employees of The ABC of St. Martin, Inc. are entitled to paid vacation, paid sick leave, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

**THE ARC OF ST. MARTIN, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)**

(9) CONCENTRATIONS OF REVENUE/CASH BALANCES

The ARC of St. Martin is primarily dependent for support on annual grant funding obtained through the Louisiana Department of Health and Hospitals and the Louisiana Department of Social Services. Revenues derived from grant funding have historically been relatively stable. However, the State of Louisiana is currently contemplating budget cuts to combat an anticipated statewide revenue shortfall for the coming fiscal year. Such funding cuts may affect the expected revenues of the Organization, and such revenue declines may be material.

The Organization maintains substantially all of its demand deposit cash accounts at St. Martin Bank and Trust, Teche Bank and Trust, and First Louisiana National Bank. Cash accounts at banks are insured by the FDIC for up to \$100,000. No account balance amounts in excess of insured limits were maintained at any bank at June 30, 2001.

(10) COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

(11) RISK MANAGEMENT

The Organization is exposed to risks of loss in the areas of general and auto liability and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current fiscal year.

(12) SCHEDULE OF FINDINGS AND QUESTIONED COSTS

The Organization has elected to absorb all non-qualifying costs incurred under federal programs as an organization responsibility, chargeable against the unrestricted net assets derived from non-grantor provided revenues of the Organization. Sample transactions selected in the conduct of the audit for fiscal year ended June 30, 2001 disclosed no findings or questioned costs which were not, or will not be absorbed by the organization.

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ROBERT E. MARAIST, CPA

MEMBERSHIP FIRM: MARAIST ACCOUNTING CORPORATION

MEMBER
FIRM: MARAIST, CPAs
MEMBERSHIP FIRM: MARAIST
ACCOUNTING CORPORATION

MEMBERSHIP FIRM: MARAIST ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
The ARC of St. Martin, Inc.
St. Martinville, Louisiana

We have audited the financial statements of The ARC of St. Martin, Inc., as of June 30, 2001 and for the year then ended, and have issued our report thereon dated November 26, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether The ARC of St. Martin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

Internal Control over Financial Statements

In planning and performing our audit, we considered The ARC of St. Martin's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating

To the Board of Directors of
The ABC of St. Martin, Inc.

to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect The ABC of St. Martin's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings, questioned costs and management's corrective action plan as item #1-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of management, others within the organization, Board Members, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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CERTIFIED PUBLIC ACCOUNTANTS

November 30, 2001

MARAIST & MARAIST

CERTIFIED PUBLIC ACCOUNTANTS

A FURTHER STEP IN PROFESSIONAL ACCOUNTING DEVELOPMENT

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PEGGY A. MARAIST, CPA *

* MEMBER - FIDELITY ACCOUNTING CORPORATION

PROFESSIONAL
MEMBERSHIP IN THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MEMBER IN
GOODSTAND AS SET OUT BY THE ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH ONE CIRCULAR A-133

To the Board of Directors of
The AEC of St. Martin, Inc.
St. Martinville, Louisiana

Compliance

We have audited the compliance of The AEC of St. Martin, Inc. (a non-profit organization) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Requirements that are applicable to its major federal program for the year ended June 30, 2001. The AEC of St. Martin's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of The AEC of St. Martin's management. Our responsibility is to express an opinion on The AEC of St. Martin's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations." These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The AEC of St. Martin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on The AEC of St. Martin's compliance with those requirements.

To the Board of Directors of
The ABC of St. Martin, Inc.

In our opinion, The ABC of St. Martin, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

Internal Control Over Compliance

The management of The ABC of St. Martin, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered The ABC of St. Martin's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, Board Members, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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CERTIFIED PUBLIC ACCOUNTANTS

November 10, 2001

THE ABC OF ST. MARTIN, INC.
St. Martinsville, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2001

FEDERAL AGENCY/FISC- THRU/GRANTOR/PROGRAM NAME	PROGRAM NAME	FEDERAL CFDA NUMBER
United States Dept. of Health & Human Services- Louisiana Dept. of Health and Hospitals-Office for Citizens with Developmental Disabilities	social Adult Rehabilitation Services for the Mentally Retarded	#3.667
United States Dept. of Health & Human Services- Louisiana Dept. of Health and Hospitals-Office for Citizens with Developmental Disabilities	*Medicaid Title XIX-Medical Assistance Program- Residential Homes for the Mentally Retarded/HCH Waiver	#3.728
United States Dept. of Education-Louisiana Dept. of Social Services	Vocational Rehabilitation Services Basic Support Program/Supported Employment Services for Individuals with Severe Disabilities	#4.128
	total	

*Denotes major federal program.

Schedule 1

**REVENUE
RECOGNIZED**

\$ 104,370

000,000

14,000

\$1,109,370

EXPENDITURES

\$ 104,370

000,000

14,000

\$1,109,370

THE ARC OF ST. MARTIN, INC.
St. Martinville, Louisiana

**Schedule of Findings, Questioned Costs
and Management's Corrective Action Plan**

Year Ended June 30, 1991

Part I: Summary of Auditor's Results:

1. An unqualified report was issued on the financial statements.
2. A reportable condition in internal control was disclosed by the audit of the financial statements, however, it was not considered to be a material weakness.
3. Material noncompliance was not disclosed.
4. No reportable conditions in internal control over the major program were disclosed by the audit of the financial statements.
5. An unqualified opinion was issued on compliance for the major program (Medicaid Title XIX Medical Assistance Program).
6. The audit disclosed no audit findings required to be reported under Section 510(a) of Circular A-133.
7. The major program was:

United States Department of Health & Human Services/
Louisiana Department of Health & Hospitals-Division
of Mental Retardation: Medicaid Title XIX Medical
Assistance Program.
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 510(b) of Circular A-133 was \$300,000.
9. The auditee did not qualify as a low-risk auditee under Section 510 of Circular A-133.

THE ABC OF ST. MARTIN, INC.
St. Martinville, Louisiana

**Schedule of Findings, Questioned Costs and
Management's Corrective Action Plan(continued)**

Year Ended June 30, 2001

**Part II: Findings which are required to be reported in
accordance with generally accepted government
auditing standards:**

01-1 Inadequate Segregation of Accounting Functions

Finding: Due to the limited number of administrative
employees, The ABC of St. Martin did not have a
completely adequate segregation of functions within
The Accounting system.

Management's Corrective Action Plan: The management
of The ABC of St. Martin, Inc. has determined that
it is not cost effective to completely segregate
accounting functions. No plan is considered
necessary.

**Part III: Findings and questioned costs for Federal awards
which include audit findings as defined in Section
518(a) of Circular A-133:**

There are no findings at June 30, 2001 which are
required to be reported under the above guidance.

Part IV: Management Letter Items:

There are no management letter items at June 30,
2001.

THE ABC OF ST. MARTIN, INC.
St. Martinville, Louisiana

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2001

Part I: Findings which are required to be reported in accordance with generally accepted government auditing standards.

Section I: Internal Control and Compliance Material to the Financial Statements

22-1. Inadequate Segregation of Accounting Functions

Finding: The ABC of St. Martin, Inc. did not have a completely adequate segregation of functions within the accounting system.

Status: Unresolved(See Item 22-1).

Section II: Internal Control and Compliance Material to Federal Awards

There were no findings mentioned under this section at June 30, 2000.

Section III: Management Letter

There were no findings mentioned under this section at June 30, 2000.

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SINCE 1918
A MEMBER OF THE AICPA

CHARLES M. MARAIST, CPA *

PEGINA B. MARAIST, CPA *

* PROFESSIONAL ACCOUNTING CORPORATION

Ms. Carolyn Fuselier, Administrative
Director and Members of the AIC of
St. Martin Board of Directors
St. Martinville, Louisiana

We have audited the financial statements of the AIC of
St. Martin as of and for the year ended June 30, 2001 and
have issued our Report dated November 30, 2001.

Our professional standards require that we communicate with
you concerning certain matters that may be of interest to you
in fulfilling your obligation to oversee the financial
reporting and disclosure process for which management is
responsible. We have prepared the following comments to
assist you in fulfilling that obligation.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS

We conducted our audit of the June 30, 2001 financial
statements of the association in accordance with generally
accepted auditing standards. Those standards require that we
plan and perform the audit to obtain reasonable, rather than
absolute, assurance about whether the financial statements
are free of material misstatement. Those standards also
require that we obtain an understanding of the association's
internal control to enable us to properly plan our audit. We
have issued a separate report to you, dated November 30, 2001
containing our comments on internal control.

SIGNIFICANT ACCOUNTING POLICIES

The association's significant accounting policies are
disclosed in Note 1 to the financial statements. During the
year ended June 30, 2001, there were no significant changes
in previously adopted accounting policies or their
application.

MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial
statements prepared by management and are based upon
management's judgments. Those judgments are normally based
upon knowledge and experience about past and current events
and assumptions about future events. Management's accounting

estimates incorporated into the June 30, 2001 financial statements were normal and recurring and were determined on bases consistent with those used in prior years. None of these accounting estimates is deemed to be significant or material to the financial statements.

AUDIT ADJUSTMENTS

There were no adjustments recorded in the June 30, 2001 financial statements by the Association as a result of our audit.

DISAGREEMENTS WITH MANAGEMENT

We had no disagreements with management regarding the application of accounting principles, the basis for management's judgments about accounting estimates, the scope of our audit, disclosures to be included in the financial statements, or the wording of our report on the June 30, 2001 financial statements.

CONSULTATION WITH OTHER ACCOUNTANTS

Management informed us that there were no consultations with other independent certified public accountants regarding accounting or auditing matters.

MAJOR ISSUES DISCUSSED WITH MANAGEMENT PRIOR TO RETENTION

We discussed no major accounting or auditing issues with management in connection with our retention as the association's auditors.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We received the full cooperation of and believe that we had direct and unrestricted access to the association's management and staff. We would like to take this opportunity to thank the Association's management and staff for the assistance rendered to us during our audit.

This report is intended solely for the information of the association's members, management and appropriate regulatory agencies.

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Maraist & Maraist
Certified Public Accountants

November 30, 2001